

S T A T E O F M I C H I G A N
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DETROIT THERMAL, LLC,)	Case No. U-18201
for approval of a steam sales agreement.)	
_____)	

At the December 9, 2016 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

OPINION AND ORDER

On November 10, 2016, Detroit Thermal, LLC (Detroit Thermal), filed an application for
ex parte approval of a steam sales contract.

The agreement, attached as Exhibit A, is an agreement to provide steam service on a short-
term basis to the Detroit Regional Convention Facility Authority (DRCFA) for the supply of steam
to DRCFA's Cobo Center property while the parties negotiate a longer-term steam sales
agreement. The term of the contract is September 27, 2016, through March 31, 2017.

Detroit Thermal states that it and DRCFA explored several proposals for the provision of
service. Both the customer and Detroit Thermal will benefit from the agreement.

Detroit Thermal is not requesting any ratemaking determinations or any change in the rates or
costs of service to other customers. Approval of the contract does not increase any other

customer's rate; therefore, the Commission may approve the contract without providing notice or an opportunity for a hearing, pursuant to MCL 460.6a(1).

The Commission finds that the steam sales agreement is reasonable, in the public interest, and should be approved. *Ex parte* approval of the application is appropriate.

THEREFORE, IT IS ORDERED that the contract between Detroit Thermal, LLC, and its steam customer, Detroit Regional Convention Facility Authority, attached to this order as Exhibit A, is approved, with the understanding that Detroit Thermal, LLC, bears the risks associated with any future ratemaking treatment afforded the contract in a future rate case.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of December 9, 2016.

Kavita Kale, Executive Secretary

Letter Agreement Re: Steam Service

This letter is dated as of September 27, 2016 and intended to memorialize the terms of agreement for the provision of steam service on a short term basis between Detroit Thermal, LLC, an Ohio limited liability company, ("DT") whose address is 541 Madison Street, Detroit, Michigan 48226 and the Detroit Regional Convention Facility Authority, a public body corporate created under 2009 PA No. 63, ("DRCFA") whose address is 1 Washington Blvd., Detroit Michigan, 48236 (the "Agreement"). The following is a recitation of the acknowledged facts underlying the Agreement:

- a. DT is a steam utility regulated by the Michigan Public Service Commission ("MPSC").
- b. The DRCA operates the Cobo Center convention facility in downtown Detroit.
- c. The DRCFA is a customer of DT and currently purchases steam under the DT MPSC-approved tariff.
- d. In Case No. U-18131, DT is seeking authority from the MPSC to revise its rate schedules to both increase its rates and charges and provide for multiple rate classes.
- e. DT and the DRCFA have been engaged in good faith negotiations toward the development and execution of a long term contract which would be mutually beneficial to both parties.
- f. The parties believe that such negotiations will continue in earnest and that the likelihood of reaching a mutually beneficial agreement remains strong but wish to provide for a short term, interim pricing agreement to provide for a fixed rate for a limited period of time to allow negotiations to proceed.

It is agreed as follows:

1. DT will provide steam service to the DRCFA during the term of this Agreement.
2. This Agreement commences upon the earlier of DT's receipt of final approval by the MPSC of this Agreement or for its new rates in Case No. U-18131 and terminates on March 31, 2017.
3. DT will charge and the DRCFA will pay for steam service at a fixed rate of \$22.50 per Mlb. plus applicable taxes, including but not limited to State Sales Tax and City of Detroit Utility Users Tax, for all steam provided to it by DT during the term of this Agreement.
4. During the term of this Agreement, the parties will continue to negotiate in good faith to reach a long term contract for the provision of steam service by DT to the DRCFA.
5. If this Agreement terminates without a new long term contract, DT will provide steam service under the terms of DT's tariff at rates provided for a Large Volume Customer, currently planned for \$26.00 per Mlb. plus applicable taxes, including but not limited to State Sales Tax and City of Detroit Utility Users Tax, for all steam provided to it by DT during the term of this Agreement.
6. To the extent not otherwise expressly provided in this Agreement the terms and conditions of service will be governed by the applicable DT tariff on file and approved by the MPSC.
7. The parties acknowledge that both this Agreement and a long term contract, if reached, are subject to prior approval of the MPSC.

Detroit Thermal, LLC

By: 

Its: STEVEN A. WHITE

Detroit Regional Convention Authority

By: 

Its: Patrick S. Bero, C.E.O./C.F.O./S.B.